

even as a series of case studies this is a valuable addition to the literature on state firms.

*Eric Thun*  
Oxford University

*China's Growth: The Making of an Economic Superpower*, by Linda Yueh.  
Oxford: Oxford University Press, 2013. xviii + 347 pp. £25.00 (hard-cover), also available as an eBook.

This book is testimony to what an economist equipped with good datasets and knowledge of econometric techniques can achieve. Linda Yueh's stated objective here is to "explain China's growth by examining the portions of growth that are explained by the various economic models and further identify and argue that there are specific aspects of China's transition and development which must be considered alongside the standard theories" (p. 6). To this end, the book, after an introductory chapter, works its way through four chapters presenting different aspects of established growth theory, followed by four chapters of potentially important China-specific explanations of economic growth.

Chapters 2–5 cover the new growth theory of transition and institutional change, the neoclassical growth theory of labor productivity (with an add-on about corporate restructuring), the endogenous growth theory of human capital (including labor market reforms, job mobility and migration), and the "catch-up" theory of growth through technology transfers and innovation. Chapter 6 covers self-employment, social capital and *guanxi* as informal growth determinants, and Chapters 7–9 explore the roles in economic growth of private enterprises, the state, and global integration and rebalancing.

Chapters 3–7 build on econometric evaluation of microeconomic datasets, including the China Urban Household Surveys of 1995 and 1999, a panel data set of 1,201 firms in 2000–05, and a survey of 1,268 firms in 12 cities in 2000–05. Occasionally, provincial data for the years 1991 through the mid-2000s are drawn upon to support the analysis. A wide range of econometric techniques, from ordinary least squares (OLS) to instrumental variables (IV), three-stage least squares (3SLS) and generalized method of moments (GMM) estimation are employed. Descriptive macro data motivate the analysis. These chapters resemble journal articles but the bibliography does not give any indication of related journal articles by Yueh.

Key questions that are addressed (with partial answers) include: how China can grow so fast without legal development (China adopted legal reforms at an

earlier stage of economic development than the US did); what drives labor productivity growth in a neoclassical framework (capital accumulation, much more so than reallocation of labor); what the effect of corporate restructuring is on capital productivity (positive); what explains the share of household expenditures spent on children's education (statistical analysis reveals very little); what explains the income of working-age individuals (the usual set of culprits); what determines job mobility (a range of factors, including personal characteristics and one's social network); what the impact of partly or wholly foreign ownership is on output (positive); what the impact of foreign direct investment is on the number of patents granted (negative); how enterprise ownership affects income (returns to education are lowest in the private sector); what determines self-employment (social networks, personal and household traits); and internationally, what the implications are for rebalancing (mainly a commodity price and a going-global effect, with rebalancing a story that concerns not only China), and what the role of the state is in China's economic growth (multifaceted).

The technical analysis found in Chapters 3–7 is impeccable, with regard to both choice of method and robustness of results. Yueh is able to tease out unexpected insights, such as on parents' investment in the education of their children: "Given perceived gender earnings differentials, parents will invest more in the human capital of sons . . . A second consideration in the model is expected transfers. Even if all offspring have an equal probability of providing transfers, favourable assortative mating will generate higher returns from investments in daughters than in sons" (Chapter 4, p. 120). The story is that a better educated daughter will marry a more successful husband, leading to higher transfers from the daughter's new family to her parents.

Counterfactuals are presented wherever relevant. For example, "had China not attracted FDI [Foreign Direct Investment] and JVs [Joint Ventures] in particular with their potential to allow for 'catching up' via technology transfers and other indirect avenues of learning, then China's annual GDP growth could have been between one-half to over a percentage point lower (that is, as low as 8.5 per cent) over the past thirty years" (Chapter 5, p. 168).

Overall, the book does an excellent job of presenting each issue and providing concise answers as far as possible. In each of the core chapters, Yueh reviews existing literature, hypothesizes effects, tests for and quantifies these effects, and draws conclusions. The coverage of China's economic growth could not be more comprehensive.

However, it may be hard to see the forest for the trees. The different growth theories are not additive, nor mutually exclusive. Somehow, each theory explains some of China's growth, but the theories are not used together, nor is there a hierarchical causal order, nor are the theories allowed to compete against each other. A final chapter evaluating the contribution of each theory to the overall economic growth rate is missing.

The book could also have included historical and institutional details of reform steps as they affected economic growth. Yueh extensively reviews and occasionally relies on relevant literature—not an easy feat, as almost every chapter of the book touches upon a whole research industry—but she avoids an in-depth description of the evolution of growth-related policies in China. The odd paragraphs here and there provide some background information, but the focus of the book is on econometric analysis combined with broad-stroke overviews.

On a more technical note, the book makes do without footnotes, thereby forgoing the possibility of freeing the text of side-tracking discussions and issues of marginal interest. The data underlying the analysis are mostly from the 1990s, a common problem for analysis relying on surveys, with official provincial-level data used in the book extending to the mid-2000s. Thus, in its quantitative analysis, the book is typically limited to a decade from the mid-1990s to the mid-2000s. This may well be the best that can be done, given the labor-intensive nature of the quantitative analysis, which makes updating prohibitively time-consuming.

The book is best suited to readers somewhat familiar with China's economy, as well as to economists specializing in growth and wishing to know about the Chinese case. Individual chapters will appeal to those doing research on each particular topic. The book shows how broad is the range of issues involved in China's economic growth, what work has been done, and what the key findings are.

*Carsten A. Holz*

*Hong Kong University of Science and Technology*

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*China's Outward Foreign Direct Investments and Impact on the World Economy*, by Shujie Yao and Pan Wang. Basingstoke: Palgrave Macmillan, 2014. xx + 268 pp. £70.00 (hardcover), also available as an eBook.

This book contains eight chapters, including an Introduction and Conclusion. Of the five substantive chapters, one is a literature review (Chapter 2), two are case studies (of Chinalco and Rio Tinto and of Geely Volvo), and three are empirical papers on Chinese outward foreign direct investment (OFDI). These latter three chapters use a number of gravity models to explain the technological and resource antecedents (Chapter 5), the relationship between OFDI and inward foreign direct investment (IFDI) (Chapter 6), and Chinese OFDI displacement of OECD FDI.

The two authors, Shujie Yao (University of Nottingham, UK) and Pan Wang (Pingan Trust Co., China) make a singular contribution to knowledge about Chinese OFDI, which is likely to continue to grow and to change the global economic landscape, and is thus the subject of increased scrutiny by academics, the